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Larg... ...benefit

By Ken Rankin
Washington correspondent

WASHINGTON — Federal Trade Commission plans to relax the antitrust ground rules governing cooperative advertising allowances offered to home center chains and other large retailers are coming under heavy fire.

The proposed changes could clear the way for suppliers to favor their larger retail customers when it comes to providing advertising dollars, and could be detrimental to home centers competing against huge discount and general merchandise chains for promotional funding.

Advanced last year by FTC antitrusters, the plans would ease key provisions of the Commission's 20-year-old "Fred Meyer" co-op ad guides, which require that promotional allowances and rebates from suppliers be made available to all competing retailers on "proportionally equal" terms.

Those guides, adopted at a time when the Federal Robinson-Patman anti-price-discrimination law was being actively enforced, were designed to prevent "power buying" chains from inducing manufacturers to offer them thinly disguised discounts not available to smaller retailers.

Indeed, the guides were issued following a widely publicized FTC investigation of co-op ad practices at Oregon's Fred Meyer chain. Today, however, the guides represent an embarrassment to FTC, which has virtually stopped policing the Robinson-Patman (R-P) law altogether.

Although the agency's proposed changes to relax those 1969 guides stop short of calling for the abolition of the co-op ad rules, FTC antitrusters did ask for comment on whether the guides should be eliminated.

(Continued on page 64)

For more retailer reactions, see page 64

National
Home Center News ®

Vol. 15, No. 3 $3 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. Feb. 13, 1989

Home Depot plants the flag in prosperous Northeast

By John Caulfield

EAST HANOVER, N.J. — It may take New Jerseyans a while to get used to Home Depot's brand of customer service.

"I asked one guy if he needed help and he answered, 'You're the fifth person to ask me how I'm doing since I walked into the store. What's with you guys anyway?' " laughed Dave Huntley, who has opened stores for Home Depot all over the country. "I guess he's not used to being paid attention to up here."

Huntley currently is an outdoor products department manager in the chain's newest unit here, which represents Home Depot's initial foray into the Northeast.

New for consumers

Without fanfare and on an overcast, rainy day, Home Depot, this industry's largest and most profitable warehouse operator, opened its 95th store on Jan. 26 in this northern New Jersey town that's practically in the shadow of Channel Home Centers' headquarters, about a mile away.

Warehouse stores aren't completely foreign to New Jersey customers: Mr. Goodbuys and Grossman's have operated units of this kind in the state. And Builders Square has been operating in the Northeast for several months.

But customers expressed a sense of surprise when interviewed while walking the Home Depot unit on the first day, which, considering the weather, produced a good consumer turnout.

"I'm not sure if its prices are all that much lower, but this store definitely has more products than anyplace I've been to," said Randy Raffo, who was shopping with her daughter, Whitney. Raffo, who was purchasing electrical boxes, said she and her family have remodeled three homes in the past.

This newest Home Depot, in East Hanover, N.J., marks the chain's first foray into the prosperous Northeast. NHCN photo

Orest Padkowsky, a doctor who lives about a mile from the store, shops for home improvement products only when they are on sale. He had been wanting to buy the outdoor lighting that was in his shopping basket, along with a mishmash of other products, since the summer. "What's on sale here is really low priced," he said.

Lancelot and Leslie Tom rarely shop local home centers. But they were impressed with Home Depot's size and product selection.

(Continued on page 66)

SELLING PROJECTS

Residential Remodeling

The remodeling industry is expected to top $105 million this year, and many home improvement dealers are looking to claim their share of this market by molding their product offerings and services not only to adept DIYers but also to remodeling contractors, who serve as kind of good will ambassadors for the stores they frequent by recommending them to their customer clients.

Grossman's considers sell-off of chain after poor yearly earnings

By an NHCN staff editor

BRAINTREE, Mass. — Grossman's, the 246-unit chain that emerged from the bankruptcy of its parent company only 26 months ago, may be put up for sale.

The company has retained the services of investment banker Shearson Lehman Hutton to explore "strategic alternatives," one of which is the possible sale of all or major parts of the chain.

The decision to take these actions came simultaneously with the release by Grossman's of its fourth quarter and annual financial report, which showed substantial earnings declines.

The chain's earnings in the fourth quarter on $285.8 million in sales were only $586,000, or 2 cents per share, compared with $2.3 million in earnings in the same period a year ago.

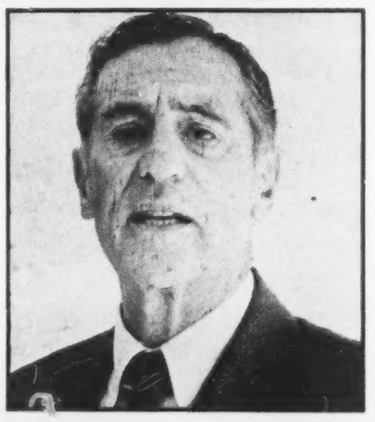
For the year ended Dec. 31, Grossman's net income fell 26 percent to $13.2 million, or 50 cents per share, on sales of $1.142 billion, which represented a 6 percent gain. Comp-store volume rose 7.5 percent in 1988.

Must speed up store fixup

The company's market value, based on a stock price of around $7.50 per share, is now only $200 million, which, according to calculations made by Reuters news service, is less than one-third the company's value several years ago.

A company official conceded that the decision to investigate new options was also precipitated by the expectation of explosive new store expansion into the Northeast, where the company operates 160

(Continued on page8)



Mike Grossman, chairman of Grossman's, Inc.

NEWSBREAKS

HECHINGER CRACKS $1 BILLION.: The Maryland chain hit this plateau for the year ended Jan. 25.

LLOYD'S PRESIDENT LEAVES: Tom Cawley, president of the Connecticut chain that is for sale, has resigned.

CLAIRSON TO MERGE WITH INVESTOR: The Ocala, Fla., supplier has signed a letter of intent with Citicorp North America. It plans to sell some divisions but hold onto Closet Maid.

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INDUSTRY UPDATE

Sabbeth opens Northeast DC

PLAISTOW, N.H. — Sabbeth-York, a division of the Sabbeth Industries, has opened a 35-acre distribution center and kiln facility to serve the New England market.

The facility can hold $8 million in softwoods, $4 million in hardwoods and purports to have in its 20,000-foot kiln plant one of the most modern wood waste kiln systems in the country. With its 15 rail car siding, the operation will also serve as a reload center.

"Our facility's completion enables us to handle our customers needs in the most professional and competitive manner of anyone in the our industry," said John Pondelli, president of Sabbeth-York.

Rickel begins work on Plaza mall

YONKERS, N.Y. — Rickel Home Centers has broken ground on a 35,000-square-foot store slated to anchor the new 70,000-square-foot Rickel Plaza scheduled to open in December 1989.

Lisa Rosenshien, a leasing agent with Rosenshien Associates, New Rochelle, N.Y., said the remaining 35,000 square feet has not been leased.

Frequently, Rickel piggybacks lease sites with Pathmark supermarkets, a sister company owned by Supermarkets General, but not this time, Rosenshien said.

There are no plans to add a Pathmark supermarket because Pathmark "needs a minimum of 50,000 square feet and it already has a highly successful supermarket located one-quarter mile away," Rosenshien explained.

The store is smaller than most Rickel outlets but company officials expect excellent traffic because the retail complex is located on Central Avenue, the main retail strip for Westchester County.

Grossman's opens wholesale unit

POMONA, Calif. — Grossman's opened its fifth southern California membership cash-and-carry wholesale warehouse in this Los Angeles County city.

The facility consists of a 66,000-square-foot warehouse and 49,000-square-foot drive-through lumberyard. The product mix contains about 7,000 stockkeeping units.

NHCN has also learned that Grossman's does not intend to fill the spot vacated by Joseph Vaeth, 61, who retired as president of Grossman's Western Region last September.

Western divisional managers Bob Pacos, located in San Carlos, and Frank Lynch, in Ventura, will now report to Grossman's chairman Mike Grossman in Braintree, Mass.

Vaeth was named president of Grossman's western region in 1987. Previously, he was executive vp and gm of the Moore's chain based in Roanoke, Va. He joined Grossman's in 1970 after his family-owned Atlantic Millwork Co. in Rochester, N.Y., was purchased by the chain.

Weiser to open plant in Tucson

HUNTINGTON BEACH, Calif. — Five months after the announcement of a plant closing and a restructuring, Weiser Lock named Tucson, Ariz., as the site of its new plant. Weiser president Jim Connors said the company is looking for an existing building or land to accommodate a 275,000-square-foot facility for assembly, packaging and plating. Connors and Tucson officials made the announcement last month.

Weiser will abandon its 750,000-square-foot facility here as it exits the non-residential lock market. According to a report from the investment banker Shearson Lehman Hutton on Jan. 12, the layoffs of some 500 of Weiser's 1,000 employees should cost the company about $13 million in severance pay. But the brokerage's analyst Gregory Nejmeh anticipates a "$40 million positive swing in cash flow from the sale of the [California] building and benefits from lower operating costs."

Production is expected to begin in Tucson with 300 employees in 1990. Until then, production will continue at the Huntington Beach, Calif., facility. Weiser, a division of Michigan-based Masco Corp., will retain is headquarters in Huntington Beach.

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Pergament gets new president in shift of chain's ownership

By an NHCN staff editor

MELVILLE, N.Y. — Robert and Murray Pergament have parted company.

The two brothers— who have seen Pergament Home Centers here grow from a single-unit hardware store their father Louis opened in 1935 to a 42-unit chain that last year did $300 million—have reportedly signed a letter of intent for the sale of Robert Pergament's half of the company to Murray.

Last month's pact came after several weeks of negotiations. It ends what has been described by sources familiar with the company as a volatile "love-hate" relationship that existed between the siblings.

Murray Pergament

It also produced a new president for the chain. He is Michael Lurie, the general manager of Pergament's highly profitable Hoboken Paint Manufacturing Co. in Lodi, N.J.

Lurie has been identified by sources familiar with the company as being Murray Pergament's "right hand man." He is said by people who know him to be a highly competent manager. And, according to one source, "he's always been kind of like Murray's adopted son; the relationship has been very close."

It could not be determined immediately if Lurie's promo-

(Continued on page 64)

ServiStar members go lean on stock hoping for a good 1989

By Tom Bagsarian

ORLANDO, Fla. — Larry Walker, a buyer at the Lester Group, the five-unit home improvement retailer based in Martinsville, Va., said his inventories are low and added that it appeared other ServiStar dealers are in the same boat.

"But don't tell the vendors that," said the same company's general buyer, Jacqueline Hopkins, in a hushed tone.

It's no secret, though, as vendors themselves know that members of the ServiStar co-op, as well as retailers in general, are trimming the amount of stock they carry.

Inventory reduction, and what officials at the Butler, Pa.-based co-op called a general optimism about business this year, set the tone for ServiStar's lumber and building materials buying show here on Jan. 10 and 11, which was attended by 600 of the wholesaler's 3,725 dealer-owners and 200 vendors at the Marriott World Center near Disney World.

"We see no recession in '89," said Paul Pentz, senior vp-merchandising, advertising and inventory control at ServiStar, the industry's fastest growing co-op with sales of $1.04 billion in fiscal 1988. Yet, he added that dealers

(Continued on page 68)

New England's National Lumber builds while others cut back

By Elizabeth Brent

NEWTON HIGHLANDS, Mass. — While many independents in New England are cutting expenses, National Lumber here is constructing a $5 million distribution yard and home center, slated to open in Mansfield, Mass., this spring. Another DC is planned for 1990 in Andover, Mass.

"Although there is a soft spot in the market right now, the lumber business always returns to strength and we want to be in the best possible place when it turns to take advantage," said Al Alkon, operations manager. "We're not building for tomorrow but the day after tomorrow."

The new 60,000-square-foot distribution center, next to a ConRail site, will help the two-unit independent to better service its tract builder customers, particularly in Cape Cod, Mass.; Rhode Island and eastern Connecticut.

The DC will also complement National's other two stores in greater Boston and Salem, in northern Massachusetts. National generated $40 million in sales last year, following a record $45 million in the previous year, and its stores' storage facilities could no longer handle the volume.

Targeting builders

The new DC will allow National Lumber to expand its in-stock position on laminated veneer lumber, kitchen cabinets and millwork, and trusses. Although the company does not manufacture trusses, it has a sophisticated truss design center. It might also add a prehung door and window assembly shop, according to Alkon.

The 10-acre Mansfield site will also feature a three-story building with the home center on the lower two floors and the company's offices above. In keeping with the company's philosophy, the home center's products and services will be targeted primarily to the builder, and will feature a 3,000-square-foot millwork showroom.

"We're departmentalizing the business [and] running it as if it were different businesses under one veil," said Steve Kaitz, vice president.

The unusual looking facility is designed by Barry Koretz Architects Inc. of Brockton, Mass. The DC is a combination of masonry and steel with distinctive, colored decorative block. The store is made of wood with curved windows.

The opening of the new DC will free up 15,000 square feet of warehouse space in Newton, which National plans to convert into a home center by combining it with the present office space. This could result in a 30,000-to 60,000-square-foot store.

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NAHB show reflects increased remodeler prominence

By Elizabeth Brent

ATLANTA — Snarled traffic and a white supremacist rally outside the convention hall did little to divert the 65,000 people attending last month's National Home Builders Show here.

Of more immediate concern to those walking the 400,000-square-foot exhibit hall was the impact rising interest rates could have on home building in 1989, the extent that first-time buyers were being crowded out of the market by escalating prices, and the degree that professional remodelers were becoming more important to the industry.

Once a show entirely for the home builder, it now targets the professional remodeler as well. At a seminar on remodeling trends, Walt Stoeppelwerth, publisher of *HomeTech*, commented on the need for a partnership between remodelers and home centers.

Remodeling Projections

	1988			1989			
	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Major replacements	20	17.3	17.7	17.9	18.1	18.3	18.5
Additions and alterations	50.2	42.7	43.5	43.9	44.3	44.7	45.1
Maintenance and repair	39.7	39.2	39.9	40.5	41.1	41.6	42.2
TOTAL EXPENDITURES	109.9	99.2	101.1	102.3	103.4	104.6	105.8

Annualized, seasonally adjusted, in billions of dollars

The above projections outline the continuing growth of the remodeling business, which was on the minds of many at the NAHB show. NHCN chart

Source: *NHCN*, Department of Commerce

Home affordability, especially for first-time-buyers, rising interest rates, and the escalating importance of professional remodelers were main issues at the home builder's show. NHCN photo

Show expands scope

"Every home center in America is going to be in the installation business," said Stoeppelwerth. "They are probably going to develop more programs for remodeling contractors, with approved lists for recommendations to consumers."

The belief that remodeling business will remain strong despite lower housing starts in 1989 was reinforced by a panel of remodelers and analysts assembled at a conference which was held by Georgia Pacific.

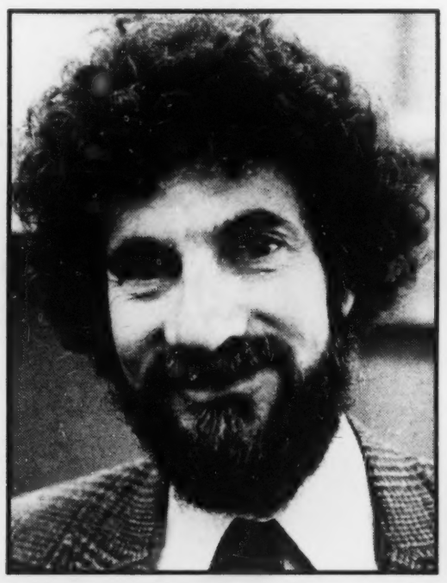
Robert Gluck, representing the NAHB's National Remodelers Council, cited demographic shifts as a key reason he foresees remodeling expen-

(Continued on page 15)

Home Center Leadership Council to honor Cohen, Mansfield and Gertler

By an NHCN staff editor

CHICAGO — Stanley M. Cohen, chairman emeritus of Central Hardware, was chosen this year to receive the home center industry's Pioneer Award.



Leonard Gertler (left) and Philip Mansfield will be inducted into the industry's Hall of Fame at the Home Center Show. NHCN photos

Also, Philip Mansfield, former executive vp of Hechinger, and Leonard Gertler, president of All American Home Centers, will be inducted into the Home Center Hall of Fame.

The honors were recently announced by the Home Center Leadership Council.

Cohen, 66, retired as chairman of the board at Central in February 1987 after working for the company since 1939, starting as an order filler. He is the third generation of Cohens to work for Central Hardware.

Cohen also served as vice president and member of the board of directors of Central's parent, Interco.

As of press time, it was uncertain whether Cohen's health would allow him to attend the Home Center Show to receive the award, according to his son, James Cohen, current president of the 37-unit chain.

Gertler, president of the one-store All American Home Center in Downey, Calif., said he was pleased to have been chosen for Hall of Fame honors.

"Consider that only six or seven people have been chosen so far, from million- and billion-dollar companies, and here we are, a one-store operation. It feels really good," Gertler said.

Mansfield could not be reached for comment on being named to the Hall of Fame.

Sigoloff and McNulty enter separate bids on BE units

By Brad Altman

LOS ANGELES — Five or six "serious" offers have been made to buy 119-unit Builders Emporium, including separate bids by former Wickes Cos. chairman Sanford Sigoloff and the co-founders of HomeClub.

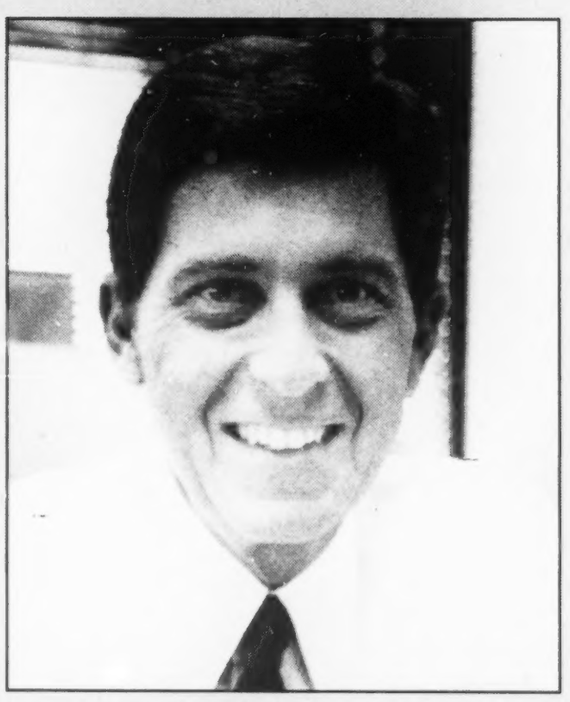
A group consisting of ex-HomeClub executives Robert McNulty and George Handgis, along with ex-W. R. Grace executive Tom Klimback, reportedly have obtained financing to bid for Irvine, Calif.-based BE.

They are not bidding for 30-unit Orchard Supply Hardware, San Jose, Calif.

Sigoloff, who resigned in December 1988 from the ceo post at Wickes, which is BE's parent firm, is said to be teaming with real estate developer Alexander Haagen of Manhattan Beach, Calif., to bid for BE, the company Sigoloff became strongly identified with because of television advertisements in which he appeared.

In a telephone conversation with *NHCN*, Haagen would neither confirm nor deny his involvement with Sigoloff, and called speculation about acquiring Builders Emporium "premature."

The potential purchase discussions came in the aftermath of two New York-based investment groups—Wasserstein, Perella Partners and Blackstone Capital Partners—taking BE and OSH parent Wickes private in December, then putting both DIY chains on the selling block to pay down debt (*NHCN*, Jan. 16).



Sanford Sigoloff, former Wickes' ceo, may be a suitor for buying Builders Emporium NHCN photo

John Kutler, a Wickes board member, said that the new company is actively marketing BE and OSH, adding that Wickes owns the land and buildings of approximately 20 BE stores and nine OSH stores, making the real estate a valuable asset.

There is speculation that some of the potential buyers who have shown preliminary interest include foreign and domestic corporations interested more in the land holdings

(Continued on page 68)

Money forces AHMA and NWHA to part ways

By an NHCN staff editor

PHILADELPHIA — After a 94-year marriage, the issue of money forced a divorce between the National Wholesale Hardware Association (NWHA) and the American Hardware Manufacturers Association (AHMA).

The wholesalers' group, based here, announced in January it plans to sponsor its own hardware show—the North American Hardware Convention—in October in Boston. NWHA executives expect 1,000 people to attend the show.

For the last 94 years the AHMA and NWHA sponsored the National Hardware Convention, the latest one being in Seattle last October. AHMA is the sole sponsor of the National Hardware Show and Hardware Industry Week in August.

Ostensibly, the split was over money.

"The purpose of our own convention was so the association will be financially self-sufficient," explained Thomas Fernley III, managing director of the NWHA in Philadelphia. "The combination was break even." Fernley declined to say how much money was made by the association at the convention.

"We can now determine how much we want to make," Fernley said. In total, the AHMA passed on $189,000 in funds from the National Hardware Show to fund NWHA operations during the last five years, the AHMA said.

In fact, the AHMA lost money on the Hardware Convention "with board knowledge and approval," explained AHMA president and ceo William Farrell.

Expansion planned

But it was the NWHA's wish to expand the show beyond AHMA members that caused the final split, NWHA members told *NHCN*.

Fernley said NWHA can now expand its North American Hardware Show to include lumber and building materials, housewares, electricals and automotive vendors.

However, Fernley couldn't comment on whether his association might join with another as a cosponsor for the new show.

AHMA president Farrell said his association "regretted" the split and is considering sponsoring another show.

Home affordability and remodelers top NAHB agenda

(Continued from page 7)
ditures growing from an estimated $100 billion in 1988 to $105 billion this year. Many baby boomers who have made home purchases in the past few years are tending to stay put and upgrade them.

Fran Jones, executive director of the National Kitchen & Bath Association, added that another significant development is the fact that 20 to 25 percent of homeowners run their businesses out of their homes. That, in some cases, is bringing about the advent of mini-kitchens, extra bathrooms, and bedroom conversions, fueling remodeling demand. He said that number was likely to reach 35 percent by the year 2000.

The conference included an announcement of a new certified graduate remodeler program. The program, put together in connection with the NAHB, is intended to give consumers a better handle on remodeler qualifications, said Barbara Squires. Squires represented G-P on the program's Board of Governors, which is attempting to improve the professionalism and qualifications of remodelers.

Keying on higher end

This was the first of three consecutive years the show is to be in Atlanta. One thousand exhibitors took space at the convention, and a number of vendors were featuring luxury items, especially in the plumbing and millwork categories.

Suppliers were promoting the more expensive products in their assortment because that's what consumers are asking for. Homes may get smaller in the future, but the customer wants them fancier, with teak baths, lazy-susan closets, cupolas and ceramic tile in every room.

This trend for grander homes was highlighted in the two show houses, the New American Home sponsored by *Builder* magazine, the publication of the NAHB, and NEST '89, the New Expanded Shelter Technology house built directly on the show floor.

Both featured dramatic high ceilings with skylights, roof windows and decorative molding.

Multi-purpose rooms or nooks were designed to accommodate an expanded family at weekends. In the NEST house, the guest room transformed into an office after the Murphy-bed was in folded into the wall; in the child's bedroom, the bed pulled up to maximize play space.

Scarce affordable homes

These are the types of homes builders are going to be constructing in the next several years, according to a survey of 705 walking the show. Sixty-five percent of those polled were currently building for the upgrade market.

By 1992 only one fifth of the builders planned to build for the first time buyer in the Midwest, 22 percent in the South, 32 percent in the Northeast and 38 percent in the West.

Ironically, housing affordability will be the main issue for the industry in 1989, and "Where Will Our Children Live?" is the theme adopted by the incoming NAHB president Shirley McVay Wiseman.

"We're pricing out the first-time home buyers, the young families. We have to address affordability," said McVay Wiseman. She has appointed a task force to identify three or four major issues contributing to the expense of housing.

But affordability will be hampered if the cost of borrowing money continues at its current upward pace.

Economists speaking at the show agreed that interest rates would rise by 1 percent for short-term loans and 2 percent for long-term loans, but disagreed over the timing.

They expressed concern over the effects of the rise in rates on adjustable rate mortgages (ARM's) and that these might continue to rise even if other rates stayed flat. For six months of 1988 ARM's accounted for more than three fifths of all mortgage closings, according to the NAHB.

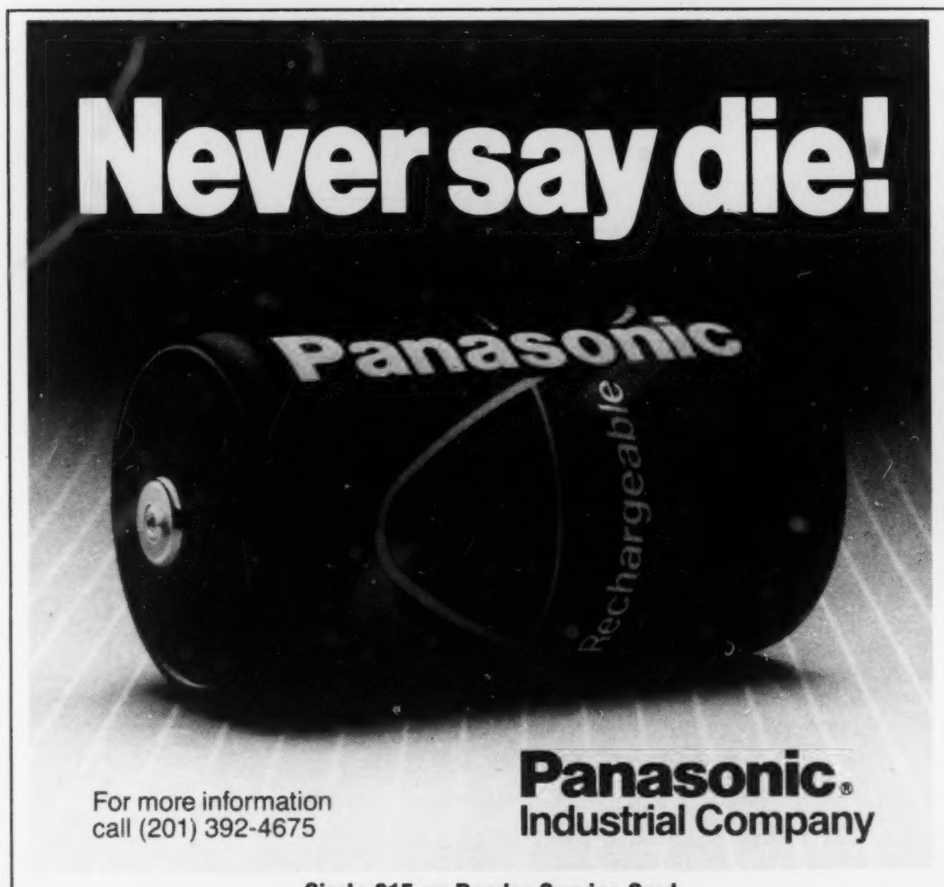
Consequently, the NAHB projected a total of 1.38 million housing starts for 1989. Single family starts will remain strong at around 1 million but multi-family housing is to fall below the recession levels of 1981 with a 6 to 7 percent decline, according to David Seiders, senior staff vice president and chief economist at the NAHB.

Seiders predicted rate increases by mid-year, but David Jones, economist at New York-based investment firm Aubrey G. Lanston, forecasted rises in the third quarter of 1989.

Lynn O. Michaelis, senior economist with Weyerhaeuser, commented that even with the economy slowing, inflation rates may still rise as the global economy is now the "wild card" due to the amount the U.S. owes to foreign lenders.

The abovementioned builder survey also revealed that:

- There is a regional difference in the expectations of home building industry, with only one third rating it good to excellent in the Northeast compared with 58 percent in the Midwest and 50 percent in the West;
- About 17 percent were planning to diversify to other types of construction activity;
- Homes with more amenities, such as fireplaces, jacuzzis and two-car garages, were to be the trend during 1989.
- Homes farther away from the center of the town would be a trend for 1989.



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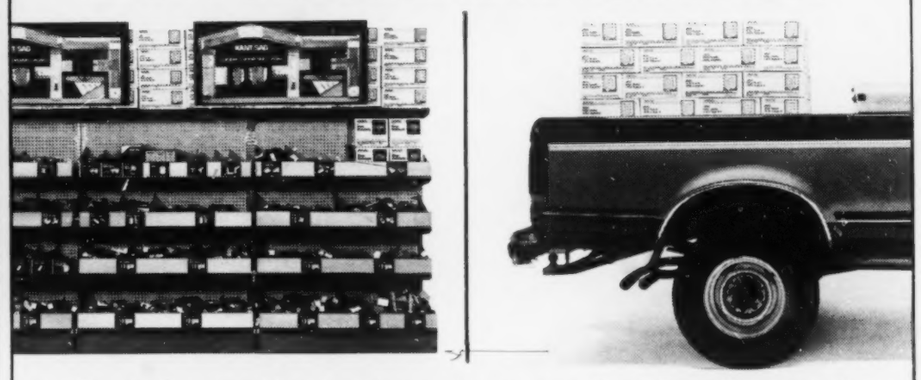

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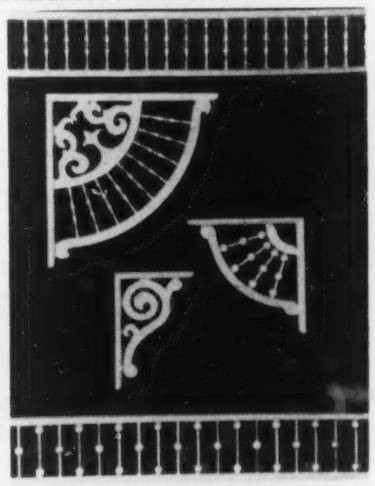

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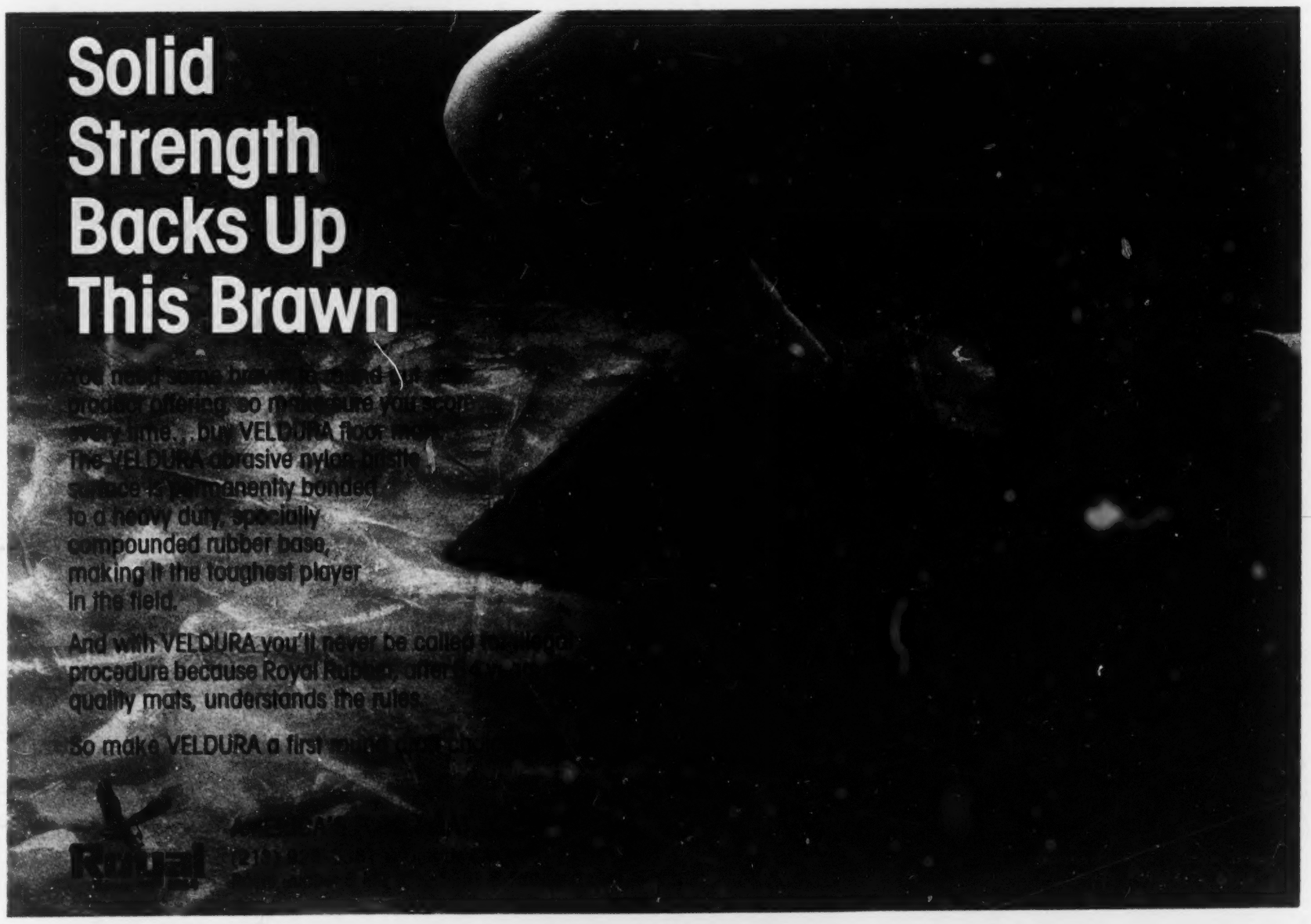
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"But what brings them back is the personal service," he continued. "It's product. We want to keep a personal atmosphere so they feel good enough to come back again."

At the time of this report, O'Brien was supervising three different project sites, one being a 60-unit condominium development called Georgetown Manor, the same as Tracey's.

All of the framing lumber, structural panels, drywall and roofing were purchased at Strober. When finished, the units will cost between $90,000 and $350,000.

In a business where time really is money, O'Brien can't afford to deal with second rate dealers or subcontractors.

"If my suppliers are not top, I'm not top," O'Brien said. "If I can't get my lumber on time, I've got 40 framers be-

One of the four boom trucks at Strober's Congers, N.Y.-unit the company uses to attract and secure business with contractors. The trucks can place 3,000 pounds of materials 32 feet high and within feet of a worker's jobsite. NHCN photo

ing paid to sit around to do nothing.

"A retailer can save me money and he can lose me money.

"So I'm not buying here [at Strober] because of price or something. I can get a 2x4 at 62 other places if I want. They've put together the services and they know my operation."

Strober, O'Brien said, has been saving him money. One of the services Strober employs that does this is its fleet of boom trucks. These vehicles, with crane-like arms, permit the placement of materials not only at the job site but within feet of an individual worker's location.

The arm can lift a 3,000 pound load to a maximum height of 32 feet, roughly the height of a three story building. (Strober's booms that operate in New York City have twice as much weight and height capacity.)

Strober recently delivered several hundred bundles of roofing product to the condominium site, each bundle weighing 50 pounds.

"If our roofers had to move that load themselves, it would have taken a full day," O'Brien said. "But [Strober] could put it right on the roof. So they've eliminated a labor step, which helps me save money.

Dealers aggressively beginning to target the remodeling contractor

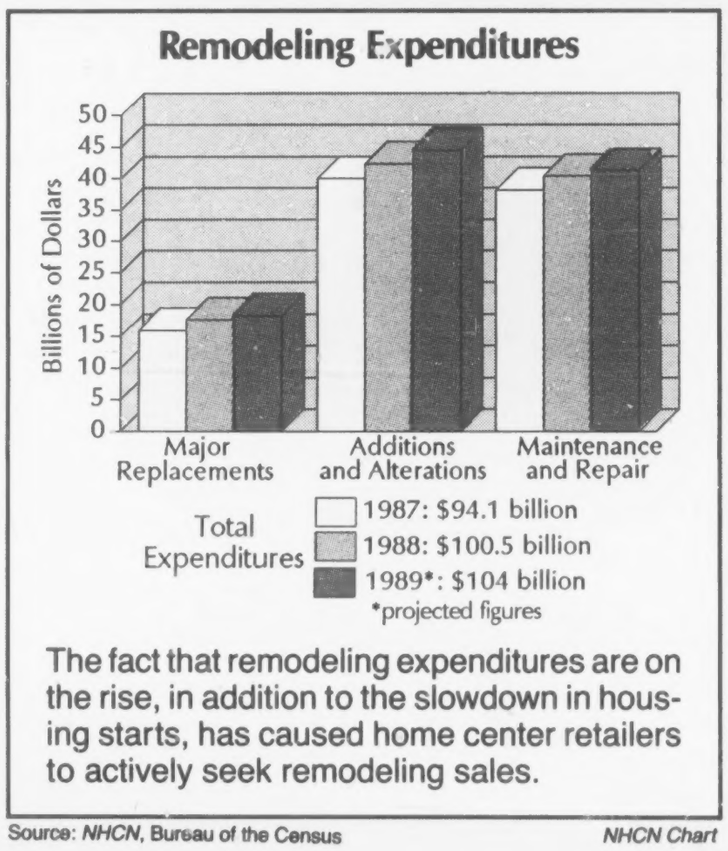
By Gary S. Ruderman

NATIONAL REPORT — It was a different type of contractor night at the General Building Products store in Bethpage, N.Y., on Jan. 26.

"It wasn't a sell job," explained Len Kapiloff, vp of retail sales at General. "This is a lecture on how to make more money by managing your business better."

Instead of products, the major portion of the presentation, aimed at representatives from the 600 invited companies, was the survival and growth of the repair and remodeling sector.

Retailers are now going after the remodeling contractor with an aggressiveness that has not been seen in years, as evinced by General's contractor night, the independent Fleming Lumber's two-hour delivery service to contractors in Los Angeles or the push for more targeted marketing by Payless Cashways, the industry's third largest chain, and the 12-unit Gerrity Lumber' strategy in New Hampshire.



The fact that remodeling expenditures are on the rise, in addition to the slowdown in housing starts, has caused home center retailers to actively seek remodeling sales.

Source: *NHCN*, Bureau of the Census NHCN Chart

Keeping remodelers shopping

All this activity is, in part, a response to a slowdown in home building. Overall, 1989 housing starts are expected to be between 1.35 million and 1.4 million, a drop of 6.5 percent over 1988, according to the National Association of Home Builders (NAHB). In most major metro areas, starts are expected to drop anywhere from 3 percent in the Pacific region to 30 percent in the New York area.

And the repair and remodeling (R&R) contractor specializing in room additions will feel more heat in the future, according to the Remodeler's Council of the NAHB.

According to a report issued at the NAHB's show in Atlanta last month, builders—including tract home builders—said remodeling business grew 42 percent over the last five years from an average $790,000 per company in 1983 to $1.2 million last year.

Latest target customer

Consequently, home improvement centers want to get more of those remodelers into their stores, especially this year before the anticipated rebound in home building in 1990 takes hold. Dealers are using all kinds of methods to lure these customers.

The 10-unit General, based in Medford, N.Y., was selected by one of its vendors, Owens-Corning Fiberglas, to host the business management seminars mentioned above in the New York and New Jersey metropolitan markets, Kapiloff said.

The presentation, geared to the room addition contractor, starts with a videotape on how the predominantly small contractors can better manage their businesses, followed by two presentations on contractor-oriented products such as windows and kitchen cabinets. Then contractors get a walk-through of the store. Kapiloff thought the evening gave contractors a chance to meet store personnel.

"We knew we always had that clientele but we never went after it in a big way," he explained. General is aware of the slowdown in tract building starts and the retailer "needs to identify and keep that [contractor] in our store."

Lowe's, the industry's largest retailer, is another chain that is studiously evaluating how best to attract remodelers. Even though the North Wilkesboro, N.C.-based company gets nearly three fifths of its sales from consumers, Lowe's also tracks purchases by an estimated 40,000 accounts who have been issued the chain's Remodelers Card *(see story, page 34)*. The 300-unit retailer adjusts stock and capital equipment to meet those needs.

Services, marketing change

The proliferation of contractor nights throughout the industry is symbolic of the remodeling contractor's "hunger for knowledge," said Jack Dempster, vp and general manager of Fleming Lumber in Los Angeles. "Ten to 15 years ago, it wasn't that way. [Now] we hold them every 60 days."

Fleming, with $11 million in sales in 1988, knows its clientele and works hard to keep them, said Dempster. He said the single-unit independent's edge is its aim to save time for its remodelers.

First, most of Fleming's orders are by phone because of its reputation for high-grade lumber. "If they know they'll get quality lumber, they don't have to come in and pick it out," he said. And Fleming offers two-hour delivery for orders under 2,500 board feet. The demand forced it to add two new trucks in the last two years.

Company officials visit mills six times a year to assure quality. With "tract house quality" lumber—which Fleming won't sell—20 to 30 studs per 100 come back.

Another retailer that's seen the drop in housing starts and begun to react is Gerrity Lumber, the 12-unit firm based in Meredith, N.H. Elliot Putnam, executive vp and gm of Gerrity, said discussions are underway to change its advertising to garner more room addition/project business and more DIY sales.

"We don't want to change our image," which is solidly contractor-oriented, explained Putnam, but the company is retargeting advertising to reach that remodeler.

Putnam said Gerrity is acutely aware that the R&R contractor will become more important overall as Gerrity garners almost 75 percent of its estimated $35 million in sales from the contractor. (The number varies 10 percent with summer DIY sales in the vacation areas.) He said New England new home starts dropped 27 percent late last year.

The remodeler will be crucial to the future success of Payless Cashways, the 193-unit chain based in Kansas City, Mo., which is banking its next five years' sales and earnings on boosting its business with these customers.

One way Payless will do this is through direct mail, which the company will favor over using television advertising. Payless reportedly will trim its ad budget this year by more than $8 million as it moves in this direction.

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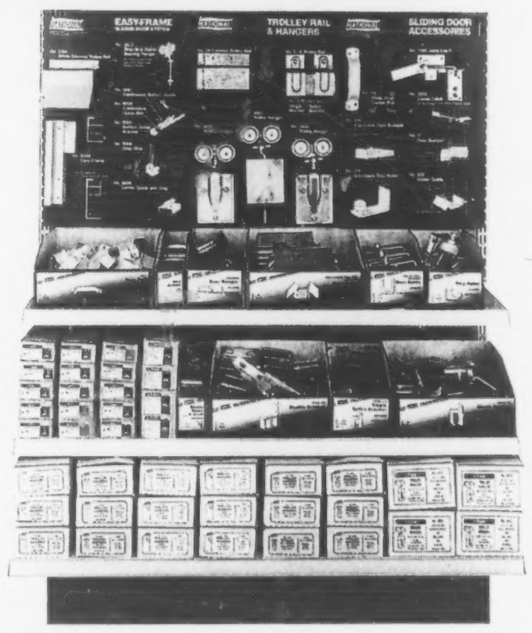

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SELLING PROJECTS

One in ten adults completes bathroom remodeling or deck building project

By an NHCN staff editor

NEW YORK — A recently released study reports that more than 28 percent of all adults in the United States completed at least one of nine home improvement remodeling projects last year, a 2 percentage point increase over the the previous year.

The two most popular jobs—remodeling a bathroom and building a deck, porch or patio—were completed by more than one in 10 American adults.

It appears as well that the relative propensity for people in different demographic groups to conduct repair and remodeling jobs is drawing much closer to the overall statistical profile of the typical remodeling adult, with some interesting variations.

The study also corroborates data showing remodeling activity nationwide growing at a pace that is at least equal to retail home improvement sales. Dealers who are shifting their emphasis towards servicing the remodeling contractor need to take into account the ideas of the home owner in deciding how a job is completed.

The study, taken from a demographic break out from the U.S. Profile of DIY Consumers based on the Fall 1988 MRI, was compiled for *NHCN* by *Practical Homeowner* magazine. Its findings are culled from interviews, in two waves, with 20,142 U.S. adults, who are projected to represent the 176,460,000 adults in this country.

More remodeling being done

The study is broken down into nine different remodeling jobs and by a variety of demographic elements—age, sex, household income, worth of home and geographic area. Of the nearly 50 million American adults who completed a project in 1988—three million more than in 1987—more than one fifth remodeled a bathroom, about 17 percent added a deck porch or patio and more than 16 percent remodeled a kitchen or "other rooms."

A composite of the adult who would engage a remodeling project is between 35 and 64 years old, lives in the Mid-Atlantic states, owns a house worth between $50,000 and $100,000, and earns between $25,000 and $50,000 per year.

There is nothing typical, however, about who are the most active remodeling adults, as defined by an index devised by the study.

This index takes the percentage of the total adult population that any demographic group represents and divides that into the percentage in that group who completed a remodeling job. Simply put, women represent 52.32 percent of all U.S. adults. But only 50.63 percent of the kitchen remodeling jobs were done by women. Consequently, women's activity index in this job category is 97 on a national base of 100.

The study shows that adults with incomes ranging from $50,000 to $100,000 and more than $100,000 are far more "active," as a proportional ratio, than their lower income counterparts. The same would be true of adults owning homes worth more than $200,000 and those living in New England.

Nevertheless, on an individual, job-by-job basis, the index and the numerical tabulation are remarkably close.

Among the 1.29 million adults who had a garage added or extended, half were 35 to 64 years old, 56 percent made $25,000 to $50,000, 55 percent were women, about one-quarter lived in one of the Pacific states, and more than one third lived in a home worth between $50,000 to $100,000.

The highest activity indices were also in these demographic groups, except in the home value category: people living in $200,000-plus units registered an index of 194 (with 100 being the national base), compared to 127 for the $50,000 to $100,000 group.

Going through the respective remodeling jobs, one finds a number of surprises both on the statistical and the index sides.

Virtually all of the most active adults who converted a basement, attic or garage to living space lived in New England or the East Central states, with the greatest number of these jobs being completed in the latter region. (This may be skewed because houses in some areas, such as the Southwest, don't have basements.)

Among the 1.33 million adults who added a bathroom, the most active by far were living in New England and the West Central states, and had household incomes of $50,000 to $100,000, even though the highest *number* of adults adding a bath—49 percent—earned $25,000 to $50,000.

Another mild shock was how little remodeling was being done, relatively speaking, by certain groups. Only in converting a room to living space were 18 to 34 year olds the numerical leaders. Statistically, people making over $50,000 lagged behind other income groups in all jobs (but the group lead in five jobs when evaluated by index).

There was only modest remodeling done by people whose homes are worth $150,000 to $200,000 by either real and indexed barometers. And there isn't much activity going on in the Southwest, according to the study.

On the positive side, there was a remarkable amount of actual activity going on in the West Central states, which were exceeded only by the Middle Atlantic for the number of adults who completed projects. And the Pacific area held its own as well, even though in some jobs—specifically deck building—it registered an abysmal activity index of 88.

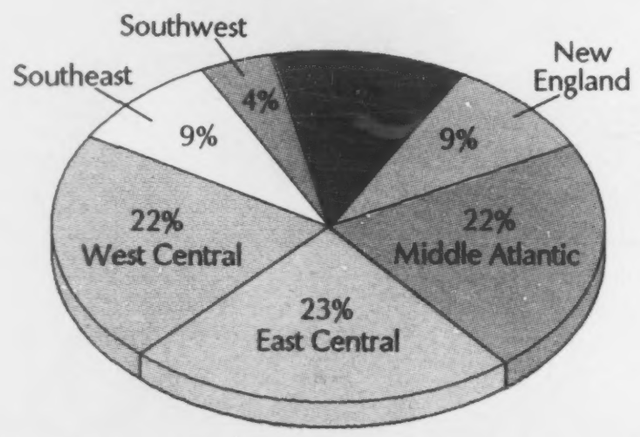
And retailers will be encouraged by the fact that the more affluent adults showed the highest propensity towards remodeling in the study. Even though their numbers were small, people owning homes worth more than $200,000 availed themselves well in seven of the nine remodeling categories.

Practical Homeowner did a special break out for *NHCN* that traced how much adults spent on certain jobs. It found that about 1.2 million spent $3,000 or more to remodel a bathroom, 1.6 million spent at that level to remodel a kitchen, 400,000 paid $3,000 or more to add a bath and 540,000 made that kind of capital investment in their homes to add or extend a garage.

Convert Basement/Garage/Attic To Living Space

Number of adults completing job in the past twelve months: 2,275,000

Percentages by region



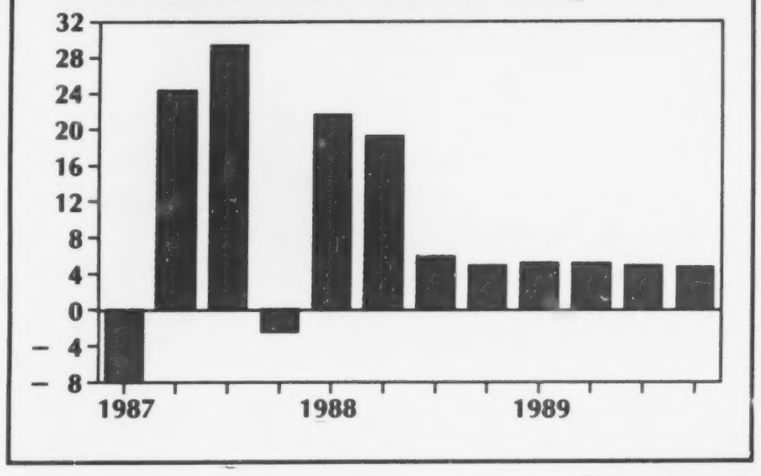
This MRI study for space conversions might be skewed by the fact that houses in some areas, particularly the Southwest and Southeast, tend not to have basements.

Source: "The U.S. Profile of DIY Consumers" MRI Fall 1988

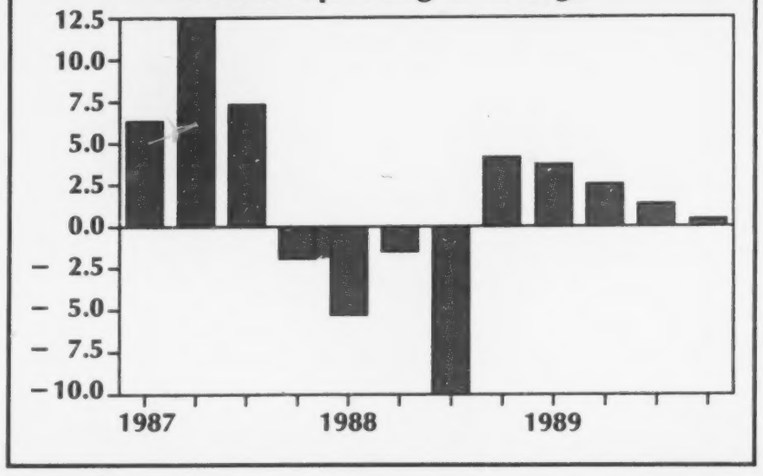
Business Watch

Section 4

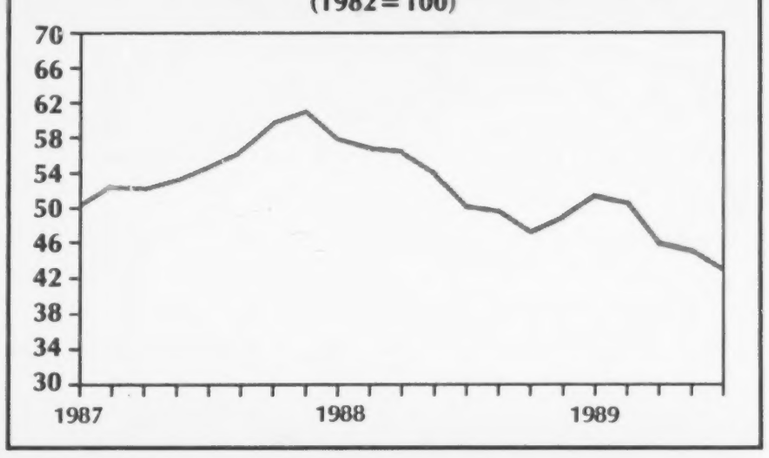
Stronger business investment . . .



. . . reductions in defense spending . . .



. . . and soft energy prices affect all regions in 1989.



LBM sales will show modest gains, with regional variations

By Richard E. Mount
Special to NHCN

While national building material sales will advance 5.4 percent this year, regional variations will exist, ranging from an expected high of 6.6 percent in the East North Central states to a low of 3.8 percent in the Middle Atlantic.

The strongest markets for building materials should be the East North Central (up 6.6 percent), South Atlantic (up 5.9 percent) and East South Central (up 6.2 percent) states. The strength in the national economy this year will be concentrated in capital goods and exports, which are concentrated in the East North Central, East South Central, and West North Central states.

Richard E. Mount

Both New England and the Pacific have similar economic conditions. These two regions enjoyed rapid growth during the early years of the national recovery, but these gains will moderate during 1989. New home prices in these two areas are high, limiting affordability for new households.

The West North Central is a different picture. The farm economy is recovering, while capital spending will boost employment in Minnesota and Missouri.

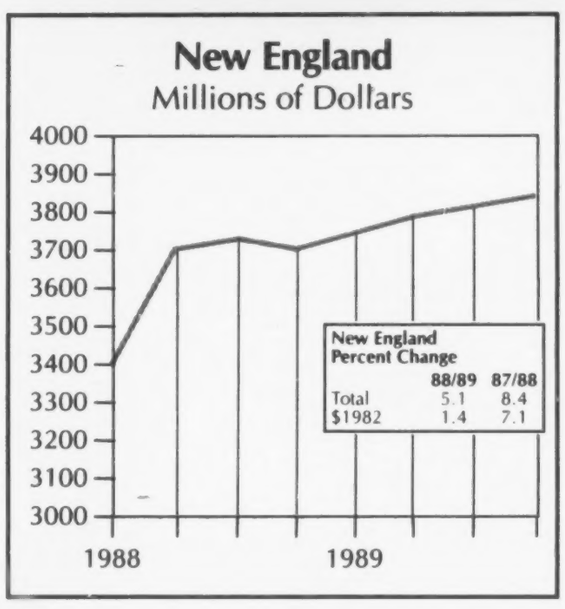
The Middle Atlantic states should be included with the group of regions expecting moderate growth. But due to preliminary data for the fourth quarter, late-1988 sales showed a rapid increase. This jump in quarterly sales makes 1988 exceptionally strong.

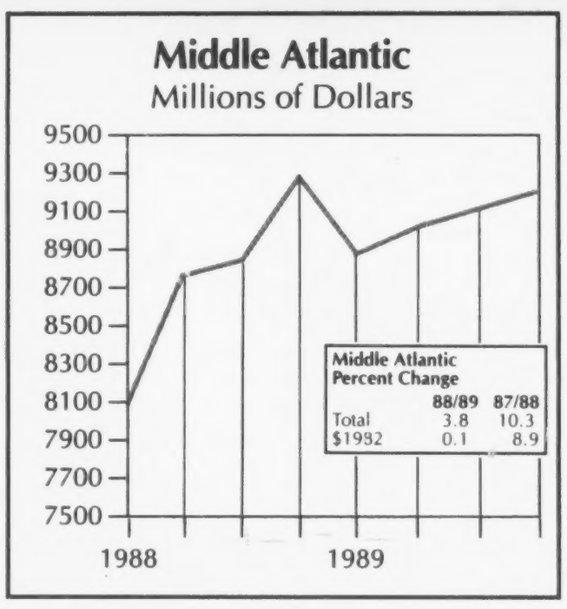
The West South Central and Mountain states should be the weak markets in 1989. Dollar sales gains of 4 to 4.5 percent are expected for this year.

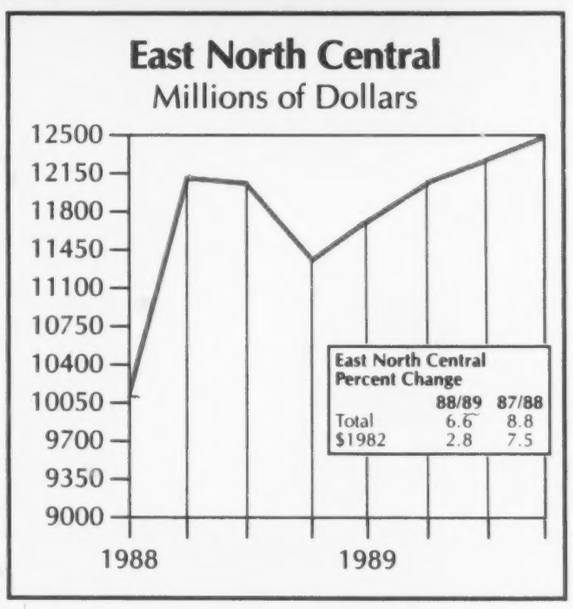
Energy prices are a major determinant for building material sales in these regions, which face over-built office and housing markets, keeping building material demand in check.

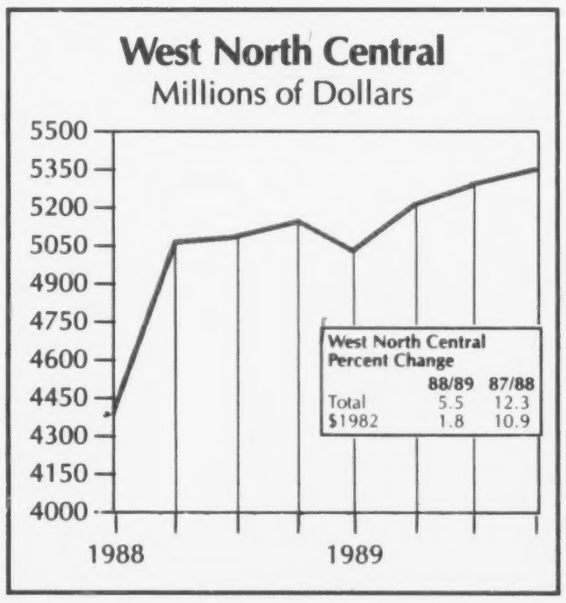
Richard Mount is president and chief economist with Mount Economic Consulting.

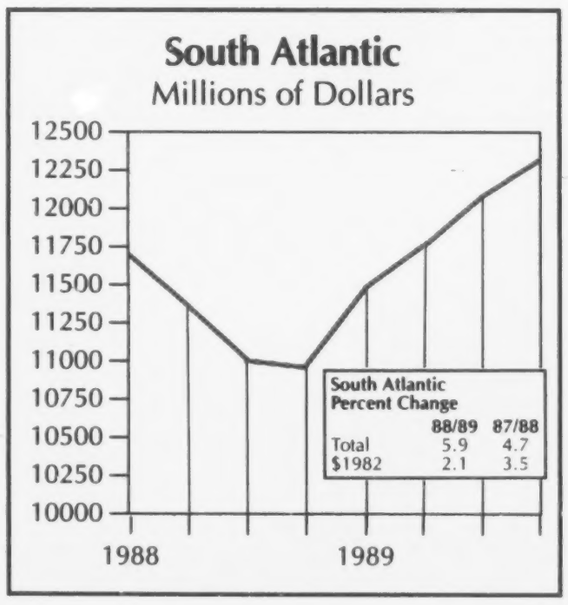
Regional Outlook: Building Material Sales

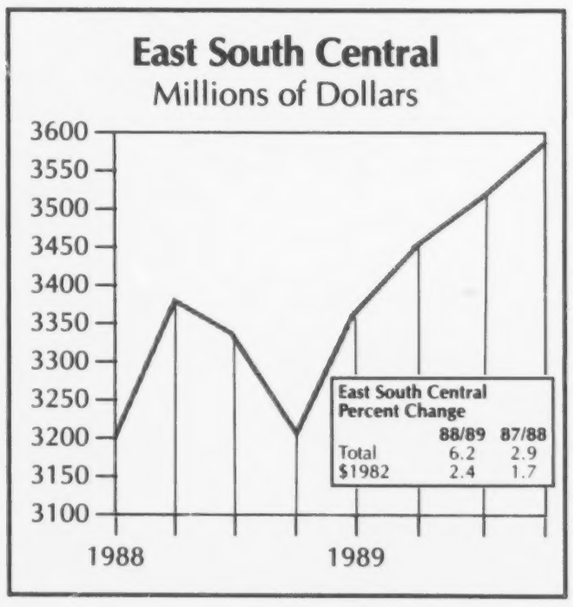


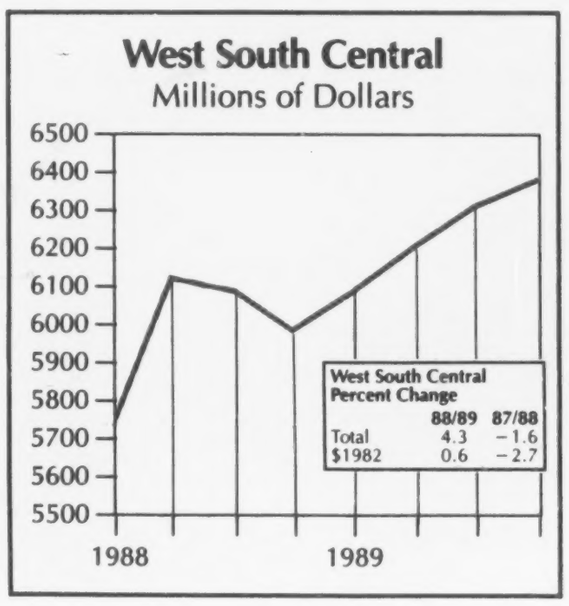


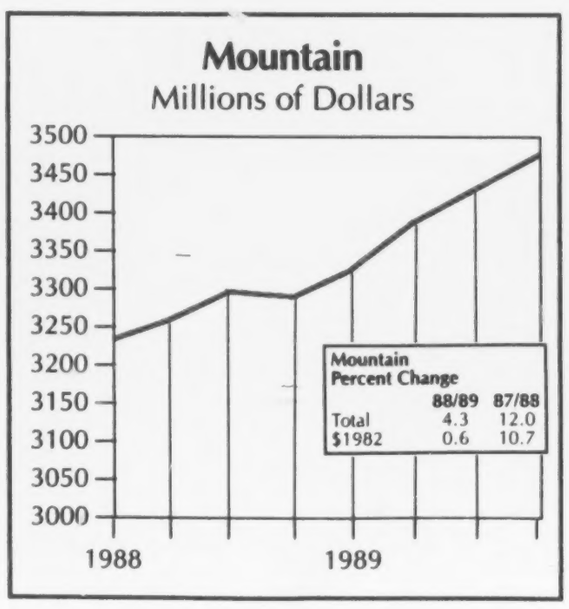


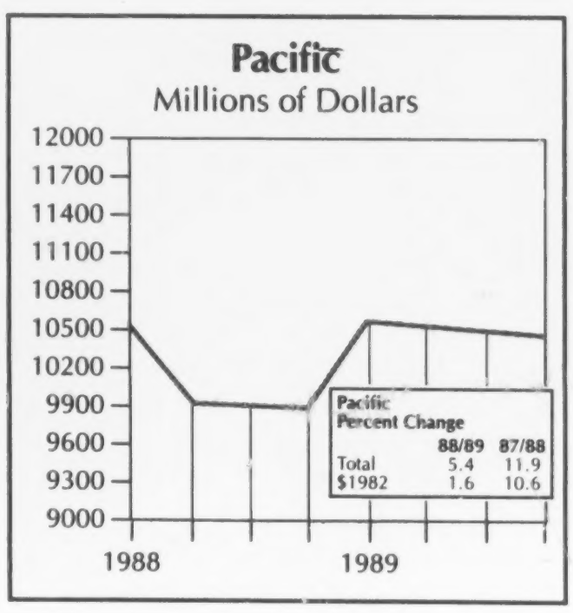












Data: Dept. of Commerce
Bureau of Labor Statistics
National Association of Realtors
Dept. of Housing and Urban Development

The Home Center Industry Outlook runs in two parts, one each month. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material and supply store sales.

SAAR—Seasonally Adjusted Annual Rate
p—projection
NHCN chart

Business Watch

stocks

Scotty's 4Q earnings sink after losses for 1st half of fiscal 1988

By an NHCN staff editor

WINTER HAVEN, Fla. — Scotty's income declined in the quarter ended Dec. 31, 1988, and the home center chain showed a loss for the first half of its fiscal year.

Earnings at the 162-unit chain fell by 6.2 percent to $2,470,000 or 17 cents per share, on sales of $140,930,000, representing a gain of 5.5 percent.

For the first six months of its fiscal year, Scotty's lost $2,003,000. However, most of that was the result of a first quarter loss resulting from a pre-tax restructuring reserve of $7,285,000. For the same period a year ago, Scotty's net income was $11,176,000, or 76 cents a share, after the cumulative effect of accounting changes. (Before those changes, the chain's earnings were $4,823,000.) Sales in the first half were $268,957,000, a 4.6 percent gain.

P. Scott Linder, Scotty's chairman, said in a prepared statement that his company's sales gains were attributable to improvements in the stores' service levels. In addition, Linder said changes in Scotty's management in recent months have had a positive effect on the chain's financial performance.

Those changes include the addition of two new executives: former W. R. Grace and Hechinger executive Ron Russell, who is now Scotty's vp-marketing services, and Bob Bruner, previously a Grossman's and Handy Dan executive who was named Scotty's senior vp-operations.

Bruner will be responsible for all aspects of retail operations at all of the full-line and hardware stores.

Russell will oversee all aspects of Scotty's advertising and marketing support, including visual merchandising and consumer credit.

Stocks take a smooth ride

It was a relatively quiet two weeks for home improvement stocks during the period ended Jan. 27, with nine companies showing no change in their stock prices. Twenty-nine companies had gains and 13 had losses, although no company's stock dropped by more than 6 percent.

The winners were led by Wolohan Lumber (whose stock hopped 17.6 percent), Standard Brands Paint, the California-based paint specialty retailer, and Lowe's, the nation's largest home center chain. Standard Brands stock rose to $17.75, while Lowe's stock jumped 10.1 percent to $22.75 per share. This gain was despite Lowe's releasing its quarterly report during this period that showed a 6 percent decline in earnings.

On the manufacturing side, Clairson International's stock rose by 16.7 percent, to $7 per share. It was learned recently that Clairson is selling several of its parts, but retaining its Closet Maid division. Owens-Corning Fiberglas also enjoyed strong price gains, with its stock rising by 12.6 percent to $27.88

There was minimal damage done to other companies. National Lumber, the 20-unit chain, saw its price fall 5.9 percent to $2 per share, but for the most part losers experienced modest declines: Ply-Gem Industries fell 4 percent; Waxman Industries' stock price inched downward by 2.8 percent.

National Home Center News

HOME CENTER MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 1-27-89 $	2-Weeks Change: Amt. $	2-Weeks Change: Pct. %	2-Week Range: High $	2-Week Range: Low $	52-Week Range: High $	52-Week Range: Low $	Volume: 2-Weeks Shares Traded: Total (100)	Volume: 2-Weeks Shares Traded: % Out %	Volume: 12-Week Avg. Vol. As % Out %	Volume: Volume Trend Change %	Financial Update: P/E Ratio -	Indicated Divd. Rate: Amt. $	Indicated Divd. Rate: Yld. %	Latest Report: New Report -	Latest Report: Period -	Latest Report: Date Ended -	Latest Quarter: Revenue: Amt. $Mil	Latest Quarter: Revenue: Chg. %	Latest Quarter: Net Income: Amt. $Mil	Latest Quarter: Net Income: Chg. %	Latest Quarter: E.P.S.: Amt. $	Latest Quarter: E.P.S.: Chg. %	Year-to-Date: Revenue: Amt. $Mil	Year-to-Date: Revenue: Chg. %	Year-to-Date: Net Income: Amt. $Mil	Year-to-Date: Net Income: Chg. %	Year-to-Date: E.P.S.: Amt. $	Year-to-Date: E.P.S.: Chg. %
Retailers																													
Gen Bldg Prods ..... M	3.63	.13	3.6	4.00	3.38	6.50	3.00	215	.54	.73	- 26.0	21.3	.00	.0	.....	9 mos.	08-88	21.9	11.2	.1	- 87.5	.02	- 89.5	56.5	14.1	.3	- 83.3	.07	- 85.4
Grossman's Inc ..... M	5.38	- .13	- 2.3	5.63	5.38	8.38	4.88	7,501	2.87	1.31	119.1	11.2	.00	.0	.....	9 mos.	09-88	321.9	1.6	10.0	4.2	.38	- 13.6	855.8	4.4	12.6	11.5	.48	- 9.4
Hechinger A ..... M	18.38	.13	.7	18.38	17.88	20.25	15.88	5,520	2.70	1.70	58.8	NA	.16	.9	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	18.50	.25	1.4	18.50	17.75	20.00	15.75	316	.20	.13	53.8	14.9	.06	.3	.....	9 mos.	10-88	250.6	35.5	12.1	28.7	.32	18.5	773.5	39.7	36.0	23.3	.96	7.9
Home Depot ..... N	30.50	- .38	- 1.2	31.50	28.75	32.00	19.13	16,180	3.25	1.49	118.1	21.0	.12	.4	.....	9 mos.	10-88	509.9	40.0	17.1	76.3	.33	73.7	1474.7	36.6	57.9	52.0	1.13	39.5
Interco ..... N	3.13	.00	.0	3.13	2.88	3.75	2.88	23,586	6.52	NC	NC	NA	.00	.0	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
K mart Cp ..... N	37.25	2.13	6.0	38.50	35.00	39.75	30.25	64,591	3.24	1.11	191.9	10.3	1.32	3.5	.....	9 mos.	10-88	6358.2	6.4	126.1	14.5	.63	16.7	18884.1	5.7	409.7	10.4	2.04	12.1
Lowe's Cos ..... N	22.75	1.75	8.3	22.88	20.75	24.38	18.00	6,421	1.73	.83	108.4	13.2	.48	2.1	.....	9 mos.	10-88	652.1	1.0	15.9	- 4.2	.42	.0	1947.3	.4	57.4	9.8	1.51	14.4
NHD Stores ..... M	7.00	.00	.0	7.50	7.00	8.00	4.50	470	3.47	.83	318.1	9.3	.00	.0	.....	9 mos.	10-88	12.3	15.0	.1	NE	.04	NE	37.3	12.7	.6	50.0	.43	38.7
Natl Lumber ..... M	2.00	- .13	- 5.9	2.38	2.00	3.50	2.00	290	.51	.52	- 1.9	NE	.00	.0	.....	*	10-88	NC	NC	NC	NC	NC	NC	116.8	NC	- 2.6	NC	- .47	NC
Scotty's Inc ..... N	12.13	- .13	- 1.0	12.50	12.00	15.25	10.50	2,091	1.43	.59	142.4	41.8	.52	4.3	NEW	6 mos.	12-88	141.0	5.6	2.5	.0	.16	- 5.9	269.0	4.6	- 2.0	- 100.0	- .14	- 100.0
Sears, Roebuck ..... N	42.00	.00	.0	43.00	40.63	46.25	33.00	69,488	1.84	1.07	72.0	9.7	2.00	4.8	.....	9 mos.	09-88	13350.0	9.5	344.2	- 15.8	1.41	30.6	38490.0	11.9	893.1	- 17.9	2.86	.0
Std Brd Pnt ..... N	17.75	1.63	10.1	18.50	16.13	18.50	10.63	7,396	12.93	3.57	262.2	NE	.00	.0	.....	9 mos.	10-88	80.5	2.2	1.3	- 69.8	.17	- 67.3	236.1	- .2	3.9	- 69.5	.50	- 67.7
Strober Organiz ..... M	8.88	.13	1.4	9.00	8.50	12.25	7.00	158	.26	.31	- 16.1	12.2	.00	.0	.....	9 mos.	09-88	38.9	40.9	1.6	- 5.9	.26	- 3.7	105.4	40.2	3.4	- 20.9	.56	- 20.0
Wickes Cos ..... N	7.75	.00	.0	8.00	7.63	14.13	6.50	3,644	.76	1.67	- 54.5	5.2	.00	.0	.....	6 mos.	07-88	937.9	- 35.5	- 12.4	- 100.0	- .09	- 100.0	1866.0	- 37.7	- 15.0	- 100.0	.08	- 94.2
Wolohan Lumber ..... M	23.88	3.63	17.9	23.88	20.38	23.88	10.38	5,943	10.17	2.27	348.0	12.6	.28	1.2	.....	9 mos.	09-88	74.6	12.7	3.8	40.7	.64	39.1	193.5	12.6	8.4	33.3	1.43	33.6
Zayre Corp ..... N	24.63	.00	.0	25.13	24.13	27.13	15.63	29,286	5.22	2.81	85.8	NE	.40	1.6	.....	9 mos.	10-88	936.3	- 41.5	- 160.7	- 100.0	(2.87)	- 100.0	2530.5	- 41.2	- 178.2	- 100.0	(3.18)	- 100.0
Wholesalers																													
Hughes Supply ..... N	18.75	.88	4.9	18.75	17.50	19.44	16.50	550	1.13	.40	182.5	9.5	.32	1.7	.....	9 mos.	10-88	131.7	16.3	2.5	.0	.51	4.1	376.3	18.3	7.1	6.0	1.46	9.8
Moore Handley ..... M	3.75	.00	.0	4.06	3.75	5.00	3.75	20	.09	.31	- 71.0	NE	.20	5.3	.....	9 mos.	09-88	26.1	- 4.7	- .1	NE	- .06	NE	79.5	6.9	- .1	- 100.0	- .04	- 100.0
Manufacturers																													
Am Consum Prods ..... M	10.25	.00	.0	10.25	10.25	12.50	8.59	107	.40	.33	21.2	15.3	.00	.0	.....	9 mos.	09-88	20.4	74.4	.5	- 16.7	.18	- 21.7	56.5	79.9	1.4	7.7	.53	6.0
Am Woodmark ..... M	9.50	- .13	- 1.3	9.63	9.50	10.38	7.28	218	.29	.25	16.0	12.5	.00a	.0	.....	6 mos.	10-88	42.5	23.9	2.7	12.5	.36	- 2.7	73.4	20.1	4.5	21.6	.60	11.1
Armstrng Wrld ..... N	34.13	- .38	- 1.1	34.88	33.38	44.00	31.75	12,343	2.67	1.20	122.5	9.8	1.00	2.9	.....	9 mos.	09-88	672.8	8.1	42.9	- 2.3	.93	1.1	1973.4	12.1	128.1	9.6	2.77	12.6
Black & Decker ..... N	24.13	.50	2.1	24.38	23.38	24.75	17.13	24,133	4.12	1.70	142.4	14.6	.40	1.7	.....	fiscal	09-88	591.5	17.8	23.4	56.0	.40	53.8	2280.9	17.9	97.1	74.6	1.65	73.7
Boise Cascade ..... N	42.88	2.13	5.2	43.13	40.25	50.00	39.13	24,705	5.50	1.45	279.3	6.8	1.40	3.3	NEW	fiscal	12-88	1034.8	6.1	76.4	33.6	1.70	41.7	4094.6	7.2	289.1	58.0	6.34	71.4
Catalina Lgtg ..... A	11.00	.50	4.8	11.25	10.00	11.25	3.00	2,171	6.89	2.42	184.7	26.8	.00	.0	.....	fiscal	09-88	9.1	82.0	.4	300.0	.13	160.0	26.9	35.9	1.1	175.0	.41	115.8
Champ Intl ..... N	32.50	- .88	- 2.6	33.75	31.25	38.13	29.50	62,675	6.58	1.37	380.3	6.8	1.00	3.1	NEW	fiscal	12-88	1314.4	13.6	119.8	45.9	1.26	46.5	5128.5	11.1	456.4	19.5	4.80	19.1
Clairson Intl ..... M	7.00	1.00	16.7	7.13	6.13	8.50	4.25	3,418	6.72	1.05	540.0	NE	.00	.0	.....	9 mos.	06-88	27.2	46.2	- 2.1	- 100.0	- .43	- 100.0	78.4	45.7	- 4.3	- 100.0	- .85	- 100.0
Coleman Co ..... N	42.13	- .63	- 1.5	42.88	41.00	44.63	33.75	940	1.34	.71	88.7	12.0	1.20	2.8	.....	9 mos.	09-88	159.0	8.4	3.9	30.0	.55	34.1	516.9	11.0	22.7	31.2	3.23	31.8
Cooper Indus ..... N	57.13	.38	.7	58.38	54.75	62.75	50.13	10,855	2.14	.92	132.6	14.1	1.80	3.2	.....	9 mos.	09-88	1090.3	23.7	57.1	28.6	1.12	27.3	3065.0	18.9	149.7	27.5	2.94	25.1
DeSoto Inc ..... N	39.50	1.00	2.6	40.00	37.63	46.00	24.50	2,230	5.58	1.92	190.6	53.4	1.40	3.5	.....	9 mos.	09-88	98.0	- 1.2	- 2.6	- 100.0	- .66	- 100.0	317.5	3.0	3.3	- 69.7	.82	- 70.1
Emhart Corp ..... N	25.25	.63	2.5	25.63	23.75	25.63	18.88	22,660	3.66	1.41	159.6	12.5	.88	3.5	NEW	fiscal	12-88	722.7	8.7	32.9	24.6	.52	23.8	2762.0	12.5	126.0	18.3	2.02	18.8
Georgia Pacific ..... N	40.75	3.00	7.9	41.00	37.88	42.88	33.25	25,657	2.52	1.11	127.0	9.1	1.40	3.4	.....	9 mos.	09-88	2409.0	- .6	114.0	- 3.4	1.19	8.2	6942.0	8.9	338.0	- 2.3	3.41	7.9
La Pacific ..... N	31.25	.25	.8	31.75	30.88	37.50	26.00	11,125	2.88	1.03	179.6	7.8	.92	2.9	NEW	fiscal	12-88	448.3	- 6.2	31.2	- .3	.83	1.2	1799.4	- 6.4	153.6	22.9	4.02	22.9
Macmillan Bloedel ..... M	17.13	1.38	8.7	17.38	16.00	17.38	13.88	5,064	.49	.25	96.0	NA	.80	NA	.....	9 mos.	09-88	824.4	.9	70.5	- 14.8	.66	- 14.3	2472.4	5.5	256.6	17.9	2.40	20.6
Masco Corp ..... N	25.00	- .13	- .5	25.50	24.13	30.38	23.63	24,752	1.80	1.04	73.1	12.7	.48	1.9	.....	9 mos.	09-88	614.0	13.5	73.9	10.8	.54	8.0	1829.0	23.6	239.0	27.1	1.74	22.5
Mor-Flo Inds ..... M	5.75	.00	.0	5.75	5.25	7.50	4.50	178	.71	.45	57.8	NE	.01	.2	.....	9 mos.	09-88	52.5	6.9	- 1.9	NE	- .73	NE	162.0	4.9	- 5.8	NE	(2.29)	NE
Newell Co ..... N	28.13	.00	.0	28.38	25.50	29.63	16.06	15,478	6.65	1.29	415.5	15.0	.60b	2.1	.....	9 mos.	09-88	264.5	20.9	18.9	68.8	.70	89.2	734.5	77.1	40.2	68.9	1.40	55.6
Nortek Inc ..... N	9.25	.63	7.2	9.25	8.38	10.38	6.38	2,108	1.41	2.13	- 33.8	NE	.10	1.1	.....	9 mos.	09-88	343.0	- 2.7	4.8	2300.0	.32	3100.0	1049.0	7.5	16.3	43.0	1.10	54.9
Owens Corn ..... N	27.88	3.13	12.6	28.00	24.50	28.00	16.13	21,896	5.48	1.68	226.2	5.9	.00	.0	NEW	fiscal	12-88	704.0	NC	58.0	NC	1.37	NC	2831.0	- 2.1	197.0	- 10.5	4.71	- 11.1
Ply-Gem ..... A	12.13	- .50	- 4.0	12.50	11.88	15.63	10.63	995	.92	.64	43.8	12.5	.12	1.0	.....	9 mos.	09-88	102.5	22.0	4.1	20.6	.36	20.0	298.0	25.9	13.8	31.4	1.22	34.1
Pope & Talbot ..... N	19.75	1.63	9.0	20.25	18.00	23.00	16.13	3,064	2.56	.78	228.2	7.8	.60	3.0	.....	9 mos.	09-88	123.3	8.6	8.5	21.4	.71	20.3	361.0	12.8	23.3	11.5	1.95	12.1
Potlatch Cp ..... N	33.88	1.00	3.0	34.00	32.75	34.00	26.25	2,234	.83	.61	36.1	9.1	1.04	3.1	.....	9 mos.	09-88	273.7	10.9	28.3	25.2	1.02	25.9	798.7	8.0	79.3	26.5	2.85	27.2
PPG Inds ..... N	44.00	2.25	5.4	44.25	41.38	46.88	32.63	25,960	2.37	.82	189.0	10.3	1.36	3.1	NEW	fiscal	12-88	1431.7	7.8	102.3	6.0	.94	10.6	5616.7	8.4	467.6	24.0	4.26	33.5
Rep Gypsum ..... N	5.25	.75	16.7	5.63	4.38	6.88	4.25	615	.61	.30	103.3	26.3	.20	3.8	.....	3 mos.	09-88	12.3	- 4.7	.4	.0	.04	.0	12.3	- 4.7	.4	.0	.04	.0
Sherwin-Wms ..... N	25.75	- .63	- 2.4	26.50	25.25	31.63	24.00	5,950	1.36	.91	49.5	11.1	.64	2.5	.....	9 mos.	09-88	547.0	6.8	37.8	1.9	.86	3.6	1501.0	8.4	82.4	8.0	1.87	10.7
Stanley Works ..... N	28.75	.75	2.7	29.13	27.88	31.75	24.00	6,457	1.51	.92	64.1	12.5	.96	3.3	.....	9 mos.	09-88	470.0	3.5	25.7	23.0	.59	22.9	1422.8	9.1	73.1	21.0	1.69	21.6
Thos Inds ..... N	19.38	.50	2.6	20.50	19.00	23.31	17.38	1,108	1.01	.42	140.5	11.4	.69b	3.6	.....	9 mos.	09-88	89.0	8.0	4.1	10.8	.37	8.8	262.0	8.5	13.8	12.2	1.25	12.6
Union Camp ..... N	37.25	2.50	7.2	37.75	35.00	38.38	31.00	19,317	2.81	1.01	178.2	8.8	1.24	3.3	NEW	fiscal	12-88	685.6	12.4	78.5	33.1	1.14	40.7	2660.9	15.3	295.2	42.3	4.25	50.2
USG ..... N	6.00	.63	11.6	6.25	5.00	7.75	4.75	20,898	4.02	1.61	149.7	3.1	.00	.0	.....	9 mos.	09-88	586.6	- 22.1	2.6	- 94.1	.04	- 95.3	1708.0	- 21.4	82.9	- 55.7	1.59	- 56.2
Waxman Ind ..... M	8.75	- .25	- 2.8	9.13	8.75	12.25	6.41	3,047	3.32	1.32	151.5	11.7	.10	1.1	.....	3 mos	09-88	50.0	43.7	1.6	23.1	.18	28.6	50.0	43.7	1.6	23.1	.18	28.6
Weyerhaeuser ..... N	26.50	- .38	- 1.4	27.38	25.75	29.50	23.25	46,253	2.27	.89	155.1	9.9	1.20	4.5	NEW	fiscal	12-88	2580.0	43.5	154.8	19.6	.73	19.7	8470.1	21.2	564.4	26.4	2.68	26.4

All Data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share
Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market
*Two-week average volume equals the number of shares traded divided by the number of shares outstanding during the latest two-week period. Twelve-week average volume equals the number of shares traded divided by the number of shares outstanding over the previous 12 weeks.

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

Co-op members trim inventory hoping for a good year

(Continued from page 5)
should "be ready to react quickly to the unexpected."

The dealers' idea of reacting may be to buy for today, and worry about tomorrow later.

"It appears they're buying what they need for the moment, rather than stocking up," observed Roger Freeman, national sales executive with Georgia-Pacific, the Atlanta supplier whose booth was very busy. G-P was pushing specialty products, such as molding, prefinished paneling and ceiling tile.

Sales slowed down at the GAF Building Materials Corp.'s booth on the second day, noted Billie Falkner, a saleswoman for the Wayne, N.J., supplier. However, she said the ServiStar dealers were buying GAF's roofing shingles in "fairly large quantities," often eight to 10 truckloads at a time.

Dealers usually "vary in the way they shop," observed Bernie Day, general manager of ServiStar's lumber and building materials department. However, they are coming to the shows "more and more prepared and with prepared budgets."

The dealers themselves were low-key about the market, often saying they were buying just to tide them over until the two larger ServiStar shows later this year.

"This fills the gap between the major shows they have," said Stuart Bresalier, president of Stuart's A&J Home Center in Deer Park, N.Y.

Chuck Wagner, vp at Family Lumber & Paneling, a two-unit operation based in Bethpage, N.Y., said he was especially taken in by prefab barns and storage sheds being sold by Reynolds Building Systems, Greenville, Pa.

Overall, dealers said they were pleased with business at their stores. Pentz noted that while the Midwest remains "soft," there is a "flicker of light" in the Southwest. The Northeast is going through "a breathing period from the tremendous expansion it had."

Stanley unveils sales analysis results

(Continued from page 6)
Payless subsidiary and which Stanley called the most profitable retailer in the industry. (He joked that the dealers might like to shop Somerville for products "you can resell.")

"Somerville's store in Hanover, [Mass.] is the ideal," he said, adding that Payless would eventually like to expand all its stores' decorative bath areas in its likeness.

However, Payless is restricted by the weight of its LBO, for which the company owes $1.2 billion. (Stanley reassured any vendors who happened to be in the audience, "Don't worry, we'll pay.")

Stanley boiled that astronomical debt to more manageable dimensions: it equals is $400,000 per day, or $30 per employee; every cash register ring has $2 of debt interest in it. Consequently, the company is looking for ways to bolster its profitability and sales, which has led it to go after more contractor business chainwide.

Payless, through its research, has concluded that the professional tradesman does not buy appreciably more commodities than does the DIYer, so the chain's hardware-oriented thrust will remain intact.

However, while Payless intends to remain competitive in its pricing, it is unlikely that it will be a price house that competes for a segment of the business currently drawn to warehouse home centers.

Stanley estimated that the three main warehouse chains—Home Depot, Builders Square and HomeClub—did $4 billion in sales last year, "and these people took that business from someone.

"I believe warehouse stores can make money and are here to stay," said Stanley, who said the retailing concept is a "better mousetrap" at getting business from the light to moderate DIYer "when these stores are run by Bernie Marcus and Arthur Blank," who are, respectively, the chairman and president of Home Depot.

Sigoloff, McNulty enter separate bids for Builders Emporium

(Continued from page 7)
than the retail stores.

Any acquisition of BE would have to be seen, as least in part, as a real estate deal.

During a discussion about the prospective acquisition, Bernard Marcus, the chairman of Home Depot who claimed considerable familiarity with the locations, said that BE holds a number of long-term leases on which it pays less than $2 per square foot. "Those stores could easily get $16, $17 per square foot now," he said.

He noted, however, that his company had no interest in any of the BE sites.

Wickes' Kutler said he didn't expect the entire deal to close before May. He said that on Jan. 20, "the field was narrowed down" after preliminary groups reviewed confidential buying brochures. An undisclosed number of remaining would-be bidders were "invited on facility tours" Jan. 27, he added.

Kutler said while some groups plan to bid separately for BE and OSH, "a bunch of people" indicated interest in making combined bids. But Kutler said he doesn't expect to receive "formal bids until sometime in March."

A source said McNulty and Handgis, who founded HomeClub in 1983 and later sold it to Zayre Corp., are "anxious to get in the hunt" to buy BE.

Since departing HomeClub in 1986, McNulty has developed other retailing ventures, including sporting goods and office supply warehouse chains. He reportedly is interested in managing BE if his bid is successful.

Industry sources placed the bidding range at between $175 million and $275 million for BE and $95 million to $150 million for Orchard.

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